

of the expected growth of Canadian exports. International competition for exports will be further intensified as a result of the Kennedy Round. It will be advantageous for Canadian industry to reorganize production to enable it to become more competitive. Some adjustment problems undoubtedly will have to be faced in the transitional phase but they should be taken care of by the Adjustment Assistance Programme* recently announced by the Prime Minister.

Canadian costs have been rising faster than those in the United States and some other countries, with rising wages an important factor. Current demands for wage increases and other benefits could push costs even higher. The gains from the Kennedy Round, therefore, will be eroded unless Canadian industry is able to increase its competitive strength through improvements in productivity. This is the best means of steadily expanding Canada's export markets and ensuring a rising standard of living for the Canadian people in whose economy foreign trade plays such a vital role. It is in this sense that the Kennedy Round is both an opportunity and a challenge for Canadian industry.

PART II.—FOREIGN TRADE STATISTICS†

Section 1.—Explanatory Notes on Canadian Trade Statistics

Sources.—Canadian foreign trade statistics are compiled from information recorded on customs documents received by the Dominion Bureau of Statistics from the various customs ports in Canada with the following exceptions: *electricity* exports are based on reports received from the National Energy Board and imports are based on reports received from public utility companies; and *crude petroleum exported by pipeline*, statistics for which are reported directly to the Bureau by the pipeline companies. Record is kept of value and, whenever possible, of quantity. In considering trade figures, it should be noted that the statistics do not necessarily reflect the financial transactions relating to the movement of goods since the method and time of payment are affected by many factors.

Coverage.—*Domestic exports* or *exports of Canadian produce* include exports of goods wholly produced in Canada together with exports of previously imported goods that have been changed in form by further processing in Canada. *Re-exports* or *exports of foreign produce* include previously imported goods that are exported from Canada in the same form as when imported. From January 1964, re-exports have also included exports from customs warehouses.

Imports, as from Jan. 1, 1964, include all goods cleared by customs immediately on arrival in Canada, plus goods entered into customs warehouses rather than cleared on arrival. For 1963 and earlier years, imports included goods cleared immediately on arrival plus goods cleared for consumption out of customs warehouses. The two types of record eventually cover the same totals, except for a small amount of goods entered into customs warehouses and then re-exported, but there may be an important difference in the time at which warehoused goods are recorded as imports; some shipments entering customs warehouses remain there for several months before clearance.

The most important exclusions from export totals are: current coin, gold, goods shipped to Canadian Armed Forces or diplomats stationed abroad, goods financed under the Defence Appropriation Act and shipped to other NATO countries, temporary exports for exhibition or competition, fuel and stores sold to foreign vessels and aircraft in Canada,

* This program seeks to provide suitable financial and technical support to firms and industries that require such support as the result of the problems created by the Kennedy Round and in order to increase their competitive strength in the world export markets.

† Based on statistical reports published by the External Trade Division, Dominion Bureau of Statistics.